

Introduced by

Representative Stemen

1 A BILL for an Act to amend and reenact sections 54-52-06.4 and 54-52-17 of the North Dakota
2 Century Code, relating to retirement benefits for peace officers employed by the state; to
3 provide an appropriation; and to provide an effective date.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Section 54-52-06.4 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **54-52-06.4. Contribution by peace officers employed by the state or security officers**
8 **employed by the national guard - Employer contribution. (Retroactive application -**
9 **[See note](#))**

- 10 1. a. Each peace officer employed by the bureau of criminal investigation who is a
11 member of the public employees retirement system is assessed and shall pay
12 monthly four percent of the employee's monthly salary. Peace officer
13 contributions increase by one percent of the member's monthly salary beginning
14 with the monthly reporting period of January 2012; with an additional increase of
15 one percent, beginning with the reporting period of January 2013; with an
16 additional increase of one percent, beginning with the reporting period of
17 January 2024; and with an additional increase of one percent, beginning with the
18 reporting period of January 2025.
- 19 b. Each peace officer employed by the state, other than a peace officer employed
20 by the bureau of criminal investigation, who is a member of the public employees
21 retirement system is assessed and shall pay six percent of the employee's
22 monthly salary. The contribution increases by one-half of the sum of the amount
23 determined by the board to be actuarially required to support the level of benefits
24 specified in section 54-52-17 less the employer contribution and employee

1 contribution amounts in effect on July 1, 2024, beginning with the monthly
2 reporting period of January 2026.

3 c. Effective August 1, 2015, each national guard security officer who is a member of
4 the public employee's retirement system is assessed and monthly shall pay
5 six percent of the employee's monthly salary. National guard security officer
6 contributions decrease by one-half of one percent of the member's monthly
7 salary beginning with the monthly reporting period of January 2016.

8 d. The assessment under this subsection must be deducted and retained out of the
9 employee's salary in equal monthly installments.

10 2. The employer of a peace officer employed by the state or national guard security
11 officer shall contribute an amount determined by the board to be actuarially required to
12 support the level of benefits specified in section 54-52-17. The employer's contribution
13 must be paid from funds appropriated for salary or from any other funds available for
14 such purposes. If the peace officer's or security officer's assessment is paid by the
15 employer under subsection 3 of section 54-52-05, the employer shall contribute, in
16 addition, an amount equal to the required peace officer's or security officer's
17 assessment.

18 **SECTION 2. AMENDMENT.** Section 54-52-17 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **54-52-17. Formulation of plan. (Retroactive application - [See note](#))**

21 Participating members shall receive benefits according to this section and according to
22 rules adopted by the board, not inconsistent with this chapter. No ~~person~~individual is entitled to
23 receive a prior service benefit if the ~~person~~individual was not continuously employed by a
24 governmental unit in North Dakota for a period of not less than two years immediately prior to
25 eligibility for retirement.

26 1. Participating members shall receive credit for full-time employment or its equivalent
27 from the date they attain eligibility until their normal retirement date, postponed
28 retirement date, or early retirement date, as defined in this section. Part-time
29 employment will be recognized as full-time employment on a prorated basis as the
30 board may prescribe.

- 1 2. Retirement benefits are calculated from the participating member's final average
2 salary, which is the average of the highest salary received by the member for any
3 thirty-six months employed during the last one hundred twenty months of employment.
4 For members who terminate employment on or after August 1, 2010, final average
5 salary is the average of the highest salary received by the member for any thirty-six
6 months employed during the last one hundred eighty months of employment. For
7 members who terminate employment between July 31, 2005, and August 1, 2010, final
8 average salary is the average of the highest salary received by the member for any
9 thirty-six months employed during the period for which the board has appropriate and
10 accurate salary records on the board's electronic database, but that period may not be
11 more than the last one hundred eighty months of employment. For members who
12 terminate employment after December 31, 2019, final average salary is the higher of
13 the final average salary calculated on December 31, 2019, or the average salary
14 earned in the three highest periods of twelve consecutive months employed during the
15 last one hundred eighty months of employment. Months without earnings are excluded
16 for the purpose of computing an average. If the participating member has worked for
17 less than thirty-six months at the normal retirement date, the final average salary is the
18 average salary for the total months of employment.
- 19 3. Retirement dates are defined as follows:
- 20 a. Normal retirement date, except for a national guard security officer or firefighter, a
21 firefighter employed by a political subdivision, a peace officer employed by the
22 state, or a peace officer or correctional officer employed by a political subdivision,
23 is:
- 24 (1) The first day of the month next following the month in which the member
25 attains the age of sixty-five years; or
- 26 (2) When the member has a combined total of years of service credit and years
27 of age equal to eighty-five and has not received a retirement benefit under
28 this chapter.
- 29 b. Normal retirement date for members first enrolled after December 31, 2015,
30 except for a national guard security officer or firefighter, a firefighter employed by
31 a political subdivision, a peace officer employed by the state, a peace officer or

1 correctional officer employed by a political subdivision, or a supreme court or
2 district court judge, is:

3 (1) The first day of the month next following the month in which the member
4 attains the age of sixty-five years; or

5 (2) When the member has a combined total of years of service credit and years
6 of age equal to ninety and the member attains a minimum age of sixty and
7 has not received a retirement benefit under this chapter.

8 c. Normal retirement date for a national guard security officer or firefighter is:

9 (1) The first day of the month next following the month in which the national
10 guard security officer or firefighter attains the age of fifty-five years and has
11 completed at least three eligible years of employment; or

12 (2) When the national guard security officer or firefighter has a combined total
13 of years of service credit and years of age equal to eighty-five and has not
14 received a retirement benefit under this chapter.

15 d. Normal retirement date for a peace officer, firefighter, or correctional officer
16 employed by a political subdivision is:

17 (1) The first day of the month next following the month in which the peace
18 officer, firefighter, or correctional officer attains the age of fifty-five years and
19 has completed at least three eligible years of employment; or

20 (2) When the peace officer, firefighter, or correctional officer has a combined
21 total of years of service credit and years of age equal to eighty-five and has
22 not received a retirement benefit under this chapter.

23 e. (1) Normal retirement date for a peace officer employed by the bureau of
24 criminal investigation is:

25 (a) [1] For a member employed before August 1, 2023, the first day of
26 the month next following the month in which the peace officer
27 attains the age of fifty-five years and has completed at least
28 three eligible years of employment; and

29 [2] For a member employed after July 31, 2023, the first day of the
30 month next following the month in which the peace officer attains

- 1 the age of fifty-five years and has completed at least ten eligible
2 years of employment; or
- 3 (b) When the peace officer has a combined total of years of service credit
4 and years of age equal to eighty-five and has not received a
5 retirement benefit under this chapter.
- 6 (2) Normal retirement date for a peace officer employed by the state, other than
7 a peace officer employed by the bureau of criminal investigation, is:
- 8 (a) ~~The the first day of the month next following the month in which the~~
9 ~~peace officer attains the age of fifty-five years and has completed:~~
- 10 (a) [1] If first enrolled before January 1, 2026, completed at least three
11 eligible years of employment; or
- 12 [2] If first enrolled after December 31, 2025, completed at least five
13 eligible years of employment; or
- 14 (b) ~~When the peace officer has a A combined total of years of service~~
15 ~~credit and years of age equal to eighty-five and has not received a~~
16 ~~retirement benefit under this chapter.~~
- 17 f. Postponed retirement date is the first day of the month next following the month
18 in which the member, on or after July 1, 1977, actually severs or has severed the
19 member's employment after reaching the normal retirement date.
- 20 g. (1) Early retirement date, except for a national guard security officer or
21 firefighter, a firefighter, peace officer, or correctional officer employed by a
22 political subdivision, or a peace officer employed by the state, is the first day
23 of the month next following the month in which the member attains the age
24 of fifty-five years and has completed three years of eligible employment.
- 25 (2) For a national guard security officer or firefighter, early retirement date is the
26 first day of the month next following the month in which the national guard
27 security officer or firefighter attains the age of fifty years and has completed
28 at least three years of eligible employment.
- 29 (3) ~~For a peace officer employed by the state, other than a peace officer~~
30 ~~employed by the bureau of criminal investigation, or a firefighter, peace~~
31 ~~officer, or correctional officer employed by a political subdivision, early~~

- 1 retirement date is the first day of the month next following the month in
2 which the peace officer, firefighter, or correctional officer attains the age of
3 fifty years and has completed at least three years of eligible employment.
- 4 (4) For a peace officer employed by the bureau of criminal investigation, early
5 retirement date is the first day of the month next following the month in
6 which the peace officer attains the age of fifty years and has completed at
7 least three years of eligible employment.
- 8 (5) For a peace officer employed by the state, other than a peace officer
9 employed by the bureau of criminal investigation, early retirement date is
10 the first day of the month next following the month in which the member
11 attains the age of fifty years and has completed:
- 12 (a) If first enrolled before January 1, 2026, at least three eligible years of
13 employment; or
- 14 (b) If first enrolled after December 31, 2025, at least five eligible years of
15 employment.
- 16 h. Disability retirement date is the first day of the month after a member becomes
17 permanently and totally disabled, according to medical evidence called for under
18 the rules of the board, and has completed at least one hundred eighty days of
19 eligible employment. For supreme and district court judges, permanent and total
20 disability is based solely on a judge's inability to perform judicial duties arising out
21 of physical or mental impairment, as determined pursuant to rules adopted by the
22 board or as provided by subdivision a of subsection 3 of section 27-23-03.
- 23 (1) A member is eligible to receive disability retirement benefits only if the
24 member became disabled during the period of eligible employment and
25 applies for disability retirement benefits within twelve months of the date the
26 member terminates employment.
- 27 (2) A member is eligible to continue to receive disability benefits as long as the
28 permanent and total disability continues and the member submits the
29 necessary documentation and undergoes medical testing required by the
30 board, or for as long as the member participates in a rehabilitation program
31 required by the board, or both. If the board determines a member no longer

1 meets the eligibility definition, the board may discontinue the disability
2 retirement benefit. The board may pay the cost of any medical testing or
3 rehabilitation services the board deems necessary and these payments are
4 appropriated from the retirement fund for those purposes. A member's
5 receipt of disability benefits under this section is limited to receipt from the
6 fund to which the member was actively contributing at the time the member
7 became disabled.

8 4. The board shall calculate retirement benefits as follows:

9 a. Normal retirement benefits for ~~all retirees~~a retiree, except ~~a supreme and/or~~
10 district court ~~judges~~judge, ~~a peace officers~~officer employed by the bureau of
11 criminal investigation, and other peace ~~officers~~officer employed by the state,
12 reaching normal retirement date ~~equal~~equals an annual amount, payable
13 monthly, comprised of a service benefit and a prior service benefit, as defined in
14 this chapter, which is determined as follows:

15 (1) For ~~members~~a member first enrolled:

16 (a) Before January 1, 2020, service benefit equals two percent of final
17 average salary multiplied by the number of years of service
18 employment.

19 (b) After December 31, 2019, service benefit equals one and seventy-five
20 hundredths percent of final average salary multiplied by the number of
21 years of service employment.

22 (2) Prior service benefit equals two percent of final average salary multiplied by
23 the number of years of prior service employment.

24 b. Normal retirement benefits for ~~all~~a supreme ~~and/or~~ district court ~~judges~~judge
25 under the public employees retirement system reaching normal retirement date
26 ~~equal~~equals an annual amount, payable monthly, comprised of a benefit as
27 defined in this chapter, determined as follows:

28 (1) Benefits must be calculated from the time of appointment or election to the
29 bench and must equal three and one-half percent of final average salary
30 multiplied by the first ten years of judicial service, two and eighty hundredths
31 percent of final average salary multiplied by the second ten years of judicial

- 1 service, and one and one-fourth percent of final average salary multiplied by
2 the number of years of judicial service exceeding twenty years.
- 3 (2) Service benefits must include, in addition, an amount equal to the percent
4 specified in subdivision a of final average salary multiplied by the number of
5 years of nonjudicial employee service and employment.
- 6 c. Normal retirement benefits for a peace officer employed by the bureau of criminal
7 investigation reaching the normal retirement date equals an annual amount,
8 payable monthly, comprised of a service benefit and a prior service benefit
9 determined as follows:
- 10 (1) The first twenty years of credited service multiplied by three percent of final
11 average salary.
- 12 (2) For years in excess of twenty years of credited service multiplied by one
13 and seventy-five hundredths percent of final average salary.
- 14 d. Normal retirement benefits for a peace officer employed by the state, other than
15 by the bureau of criminal investigation, reaching the normal retirement date who
16 retires after December 31, 2025, equals an annual amount, payable monthly,
17 comprised of a service benefit and ~~a prior service benefit determined as follows:~~
- 18 ~~(1) For members first enrolled:~~
- 19 ~~(a) Before January 1, 2020, service benefit equals two percent of final~~
20 ~~average salary multiplied by the number of years of service~~
21 ~~employment.~~
- 22 ~~(b) After December 31, 2019, service benefit equals one and seventy-five~~
23 ~~hundredths percent of final average salary multiplied by the number of~~
24 ~~years of service employment.~~
- 25 ~~(2) Prior service benefit equals two percent of final average salary multiplied by~~
26 ~~the number of years of prior service employment equal to two and fifty~~
27 ~~hundredths percent of final average salary multiplied by the number of years~~
28 ~~of service employment.~~
- 29 e. Postponed retirement benefits are calculated as for single life benefits for those
30 members who retired on or after July 1, 1977.

- 1 f. Early retirement benefits are calculated as for single life benefits accrued to the
2 date of termination of employment, but must be actuarially reduced to account for
3 benefit payments beginning before the normal retirement date, as determined
4 under subsection 3. Except for a national guard security officer or firefighter, a
5 firefighter, peace officer, or correctional officer employed by a political
6 subdivision, a peace officer employed by the state, or a supreme court or district
7 court judge, early retirement benefits for members first enrolled after
8 December 31, 2015, are calculated for single life benefits accrued to the date of
9 termination of employment, but must be reduced by fixed rate of eight percent
10 per year to account for benefit payments beginning before the normal retirement
11 date. A retiree, other than a supreme or district court judge, or a peace officer
12 employed by the state, other than by the bureau of criminal investigation, and first
13 enrolled after December 31, 2025, is eligible for early retirement benefits only
14 after having completed three years of eligible employment. A supreme or district
15 court judge retiree, or a peace officer employed by the state, other than by the
16 bureau of criminal investigation, and first enrolled after December 31, 2025, is
17 eligible for early retirement benefits only after having completed five years of
18 eligible employment.
- 19 g. Except for a supreme and/or district court judgesjudge, disability retirement
20 benefits are twenty-five percent of the member's final average salary. Disability
21 retirement benefits for a supreme and/or district court judgesjudge are seventy
22 percent of final average salary reduced by the member's primary social security
23 benefits and by any workforce safety and insurance benefits paid. The minimum
24 monthly disability retirement benefit under this section is one hundred dollars.
- 25 5. Upon termination of employment after completing three years of eligible employment,
26 except for a supreme and/or district court judgesjudge, or a peace officer employed by
27 the state, other than by the bureau of criminal investigation, and first enrolled after
28 December 31, 2025, who must complete five years of eligible employment, but before
29 normal retirement date, a member who does not elect to receive early retirement
30 benefits is eligible to receive deferred vested retirement benefits payable commencing
31 on the member's normal retirement date in one of the optional forms provided in

1 subsection 9. Members who have delayed or inadvertently failed to apply for
2 retirement benefits to commence on their normal retirement date may choose to
3 receive either a lump sum payment equal to the amount of missed payments, or an
4 actuarial increase to the form of benefit the member has selected, which increase
5 must reflect the missed payments.

- 6 6. If before retiring a member dies after completing three years of eligible employment,
7 except for a supreme and/or district court judge, or a peace officer employed by
8 the state, other than by the bureau of criminal investigation, and first enrolled after
9 December 31, 2025, who must have completed five years of eligible employment, the
10 board shall pay the member's account balance to the member's designated
11 beneficiary as provided in this subsection. If the member has designated an alternate
12 beneficiary with the surviving spouse's written consent, the board shall pay the
13 member's account balance to the named beneficiary. If the member has named more
14 than one primary beneficiary, the board shall pay the member's account balance to the
15 named primary beneficiaries in the percentages designated by the member or, if the
16 member has not designated a percentage for the beneficiaries, in equal percentages.
17 If one or more of the primary beneficiaries has predeceased the member, the board
18 shall pay the predeceased beneficiary's share to the remaining primary beneficiaries.
19 If any beneficiary survives the member, yet dies before distribution of the beneficiary's
20 share, the beneficiary must be treated as if the beneficiary predeceased the member.
21 If there are no remaining primary beneficiaries, the board shall pay the member's
22 account balance to the contingent beneficiaries in the same manner. If there are no
23 remaining designated beneficiaries, the board shall pay the member's account
24 balance to the member's estate. If the member has not designated an alternate
25 beneficiary or the surviving spouse is the beneficiary, the surviving spouse of the
26 member may select a form of payment as follows:
- 27 a. If the member was a supreme or district court judge, the surviving spouse may
28 select one of the following optional forms of payment:
- 29 (1) A lump sum payment of the member's retirement account as of the date of
30 death.

- 1 (2) Payments as calculated for the deceased member as if the member was of
2 normal retirement age at the date of death, payable until the spouse dies.
- 3 b. The surviving spouse of all other members may select one of the following
4 options:
- 5 (1) A lump sum payment of the member's retirement account as of the date of
6 death.
- 7 (2) Payment of a monthly retirement benefit equal to fifty percent of the
8 deceased member's accrued single life retirement benefits until the spouse
9 dies.
- 10 (3) If the member dies on or after the member's normal retirement date, the
11 payment of a monthly retirement benefit equal to an amount that would have
12 been paid to the surviving spouse if the member had retired on the day of
13 the member's death and had selected a one hundred percent joint and
14 survivor annuity, payable until the spouse dies. A surviving spouse who
15 received a benefit under this subsection as of July 31, 1995, is entitled to
16 the higher of that person's existing benefit or the equivalent of the accrued
17 benefit available under the one hundred percent joint and survivor provision
18 as if the deceased member were of normal retirement age, with the increase
19 payable beginning August 1, 1995.
- 20 7. If a member not coming under the provisions of subsection 6 terminates employment
21 because of death, permanent and total disability, or any voluntary or involuntary
22 reason prior to retirement, the member or the member's designated beneficiary is
23 entitled to the member's account balance at termination. The board automatically shall
24 refund a member's account balance if the member has completed less than three
25 years of eligible employment, has an account balance of less than one thousand
26 dollars, and was not a supreme or district court judge, or a peace officer employed by
27 the state, other than by the bureau of criminal investigation, and first enrolled after
28 December 31, 2025. If the member was a supreme or district court judge, or a peace
29 officer employed by the state, other than by the bureau of criminal investigation, and
30 first enrolled after December 31, 2025, the board automatically shall refund a
31 member's account balance if the member completed less than five years of eligible

1 employment. A member may waive the refund if the member submits a written
2 statement to the board, within thirty days after termination, requesting that the
3 member's account balance remain in the fund.

4 8. The surviving spouse of a member receiving retirement benefits must be the
5 member's primary beneficiary unless there is no surviving spouse or the surviving
6 spouse designates an alternate beneficiary in writing. If a member receiving retirement
7 benefits or the member's surviving spouse receiving retirement benefits dies before
8 the total amount of benefits paid to either or both equals the amount of the member's
9 account balance at retirement, the difference must be paid to the named beneficiary of
10 the recipient or, if there is no named beneficiary, to the recipient's estate. A benefit
11 payment owed to the member, surviving spouse, or alternate beneficiary which was
12 not paid before the death of the member, surviving spouse, or alternate beneficiary
13 must be paid to the named beneficiary of the recipient or, if there is no named
14 beneficiary, to the recipient's estate.

15 9. The board shall adopt rules providing for the receipt of retirement benefits in the
16 following optional forms:

- 17 a. Single life.
- 18 b. An actuarially equivalent joint and survivor option, with fifty percent or one
19 hundred percent options.
- 20 c. Actuarially equivalent life with ten-year or twenty-year certain options.
- 21 d. An actuarially equivalent partial lump sum distribution option with a twelve-month
22 maximum lump sum distribution.
- 23 e. An actuarially equivalent graduated benefit option with either a one percent or
24 two percent increase to be applied the first day of January of each year.

25 Except for a supreme and/or district court judges~~judge~~, unless a member specifically
26 requests that the member receive benefits according to one of these options at the
27 time of applying for retirement, all retirement benefits must be in the form of a single
28 life benefit. For a supreme and/or district court judges~~judge~~, unless a member
29 specifically requests that the member receive benefits according to one of these
30 options at the time of applying for retirement, all retirement benefits must be in the

1 form of a lifetime monthly pension with fifty percent of the benefit continuing for the life
2 of the surviving spouse, if any.

3 10. The fund may accept rollovers from other eligible plans under rules adopted by the
4 board for the purchase of additional service credit, but only to the extent the transfer is
5 a rollover contribution that meets the requirement of section 408 of the Internal
6 Revenue Code.

7 11. The board may accept trustee-to-trustee transfers as permitted by Internal Revenue
8 Code section 403(b)(13) and section 457(e)(17) from an Internal Revenue Code
9 section 403(b) annuity or Internal Revenue Code section 457 deferred compensation
10 plan for the purchase of permissive service credit, as defined in Internal Revenue
11 Code section 415(n)(3)(A) or as repayment of a cashout from a governmental plan
12 under Internal Revenue Code section 415(k)(3).

13 12. The board may establish individual retirement accounts and individual retirement
14 annuities as permitted under section 408(q) of the Internal Revenue Code to allow
15 employees to make voluntary employee contributions. The board may adopt rules to
16 implement and administer the accounts and annuities under this section.

17 **SECTION 3. APPROPRIATION - PUBLIC EMPLOYEES RETIREMENT SYSTEM -**

18 **TRANSFER - GENERAL FUND TO PUBLIC EMPLOYEES RETIREMENT SYSTEM FUND -**

19 **ONE-TIME FUNDING.** There is appropriated out of any moneys in the general fund in the state
20 treasury, not otherwise appropriated, the sum of \$_____, or so much of the sum as may be
21 necessary, to the public employees retirement system, which the office of management and
22 budget shall transfer to the public employees retirement system fund for the purpose of
23 covering the cost of increasing the service benefit multiplier for peace officers employed by the
24 state, other than by the bureau of criminal investigation, who retire after December 31, 2025, to
25 two and fifty hundredths percent through December 31, 2025, for the biennium beginning
26 July 1, 2025, and ending June 30, 2027. This funding is considered a one-time funding item.

27 **SECTION 4. EFFECTIVE DATE.** This Act becomes effective on January 1, 2026.

28 **NOTE:** This bill draft contains blanks that must be filled in before introduction.